

**COMMITTEE ON ACCOUNTS, ENROLLMENT  
AND REVENUE ADMINISTRATION**

**February 13, 2001**

**3:00 PM**

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

Present: Aldermen Hirschmann, Levasseur, Pinard, Thibault, Lopez

Messrs: K. Dillon, T. Nichols, S. Vaillancourt, K. Clougherty,  
R. Descoteaux, H. Tawney, K. Buckley, R. Baines, R. Sherman,  
T. Arnold, J. Desrosiers

Chairman Hirschmann addressed item 3 of the agenda:

Airport finance update to be presented by Kevin Dillon, Airport Director.

Chairman Hirschmann stated this is in reference to all the construction projects that are being financed out at the airport.

Mr. Dillon stated this is a report of the first six months financial performance of the airport. We continue to perform relatively well at the airport. In terms of revenues you have the listing of the revenue sources in front of you. We should end the year about 28.9 million in operating revenues. We do believe we will probably come in about 1 million dollars over on the estimated parking receipts. We should end the year at about 13.7 million in parking. In terms of the non-operating revenue with the interest income we should end the year at about 3 million dollars in terms of interest income. Again, much higher than we anticipated when we originally put the budget together. A lot of that is related to the retained earnings and some of the interest that we are getting on the restricted accounts that we have and that is an important point to make that the interest income in most cases is restricted. The PFCs (Passenger Facility Charges) as you know that is \$3.00 per departure that we get departing ticket. Again, we are right on target with that. We should end the year at about 4.3 million. The Customer Facility Charge which is the \$2.25 per rental car day that we levy on the rental cars...while it seems like we are way ahead that is really seasonal based. We should end the year at about 1.8 million on the CFCs. The total revenue that the airport expects to have by the end of the year is 38 million. In terms of expenses,

we should come in well under where we had originally expensed. In terms of salaries we should end the year at about 3.1 million. That entire salary line we should end about \$500,000 under what we originally budgeted. That is primarily due to lower health insurance cost and we originally anticipated new positions that we have budgeted have not been put on-line. Up until this past month we have been doing very well in terms of keeping overtime under control. Purchase Property Services will come in considerably under budget. We should end the year at about 8.2 million versus the 9.7 million that was budgeted. The majority of that is related to certain contractual costs that we are not incurring. Law Enforcement costs are coming in at about \$200,000 less than what we anticipated. Some of the environmental costs we thought we were going to incur under the program have not been incurred so as a result we are coming in at about 1.5 million under budget. Supplies and materials should end the year at about \$800,000. Again, we have some savings there as a result of not using as much chemical that we anticipated. Even though we have gotten the average snowfall this year we have not encountered a lot of ice and that allows us to save considerably on the runway chemicals. In terms of the equipment, you can see we are well under budget, however, we should come in about budget by the end of the year. We just recently purchased a new fire vehicle for the airport so we should be incurring next month a \$700,000 charge for that fire truck. Total operating expenses are anticipated to be about 13.1 million versus the 15.3 million that was budgeted. In terms of our debt service, we originally budgeted about a 15 million dollar debt service line which should be coming in at about 14 million due to some capitalized interest. Then you see we have a Capital Improvement Account which is monies that we anticipate as having excess monies that would fund that account that first come to the airport before we start any revenue sharing with the airline. To make a long story short, our total expenses at the end of the year should be in the area of about 28.9 million so we should have a net income of about 9 million by the end of the year.

Chairman Hirschmann asked is there any questions for the airport director.

Chairman Hirschmann asked the parking fees you said are way over...are you going to use that excess money to put towards the revenue bond.

Mr. Dillon replied we will probably be going forward in a report to the Board shortly...there are a number of capital projects that we have put on hold that we would typically use our own capital so a lot of this money that we are generating is excess revenue that we will seek to apply to those projects.

Chairman Hirschmann asked so all your parking revenue does not go to the revenue bond for that garage.

Mr. Dillon replied in the negative and stated not necessarily it all gets pooled.

On motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted to accept the report as presented.

Alderman Lopez asked Mr. Dillon, you sent a letter to Jennifer Desrosiers in reference to the Revenue Policy comments. Have you received any correspondence or are you satisfied that everything is going to be okay.

Mr. Dillon replied I have not had any follow up conversations with the Finance Department as a result of the concerns that I have expressed. I am hopeful that the Finance Department will incorporate the issues the airport raised as part of the proposed Revenue Policy. It is very difficult because of some of the requirements that we have...how our airline agreements are set...to follow what was being laid out as a standard Revenue Policy. At a minimum, there is going to have to be a whole lot of annotations in the policy to exempt different airport pieces of that. But no, I have not had any follow-up conversations.

Alderman Lopez stated Mr. Chairman; I would suggest that the Finance Department coordinate some effort here before we go too far lying down on the Revenue Policy and answer his letter that he sent.

Chairman Hirschmann stated we would take that up under that item. That is on the agenda further down the road, Alderman. Thank you, Kevin, very much.

Chairman Hirschmann addressed item 4 of the agenda:

Board of Assessors quarterly update.

Chairman Hirschmann stated with us is Assessor Tom Nichols representing the Board of Assessors.

Mr. Nichols stated Aldermen, as you can see we are right on target from February and November. The tax base has not fallen that much since November as you can see on the first page on the Tax Base Summary...about \$1,125,000.

Chairman Hirschmann stated once the Assessors put value on for the year the base does not grow but the base can shrink and that is what he is trying to show on the report. BTLA Filings can shrink the base. The Assessors can shrink the base. You actually could add to the base but typically once April goes by the base is what it is.

Mr. Nichols stated that is on the first sheet the Tax Base Summary. On the second sheet, we have the overlay amount and from the last period until now they balance with Finance's figures. The Valuation Summary is the number of appeals that we had versus what was settled and what is remaining. That figure agrees with your long worksheets. Those two figures should balance. We also have the In Lieu of Taxes attached and we also have from Information Systems our sheet that verifies what we have for a Tax Base. Those two should balance to what is on your Tax Base Summary. There are no discrepancies.

Alderman Vaillancourt asked regarding the abatements, I assume that is what the \$1,125,000 was on the reduction of the Tax Base.

Mr. Nichols replied that is correct but that is not just abatements that could be decreased by taking properties off the tax rolls like from the airport.

Alderman Vaillancourt asked that was my question, there are several houses along Brown Avenue that were taken, when will that be figures into this amount or has it been yet.

Mr. Nichols replied they have been figured in right along but out of that \$1,125,000 part of that is taking the airport properties off the tax rolls and making them non-taxable. But we have been keeping up-to-date right along.

Alderman Vaillancourt asked I am just wondering if eventually you will have a total figure of those houses...how much that is off the Tax Base.

Mr. Nichols stated we have been keeping track of it and what we are going to do is we are going to call the airport and talk to Mr. Bush and verify our figures with him.

Alderman Lopez asked with the budget coming up and re-val. and maybe this is not a fair question to ask you and you probably will not want to give a number but we have increased to \$895,533 total valuation right now is that correct on the last page.

Mr. Nichols stated that is a decrease.

Alderman Lopez asked what was the number for the budget last year.

Mr. Nichols replied the top number of \$3,896,675 that is what was set in November to set the tax rate.

Alderman Lopez asked and you have no idea what it is going to be this year.

Mr. Nichols replied in the negative and stated not at this time.

Alderman Lopez asked no fair guess with all the meetings I have had in Concord.

Mr. Nichols replied in the negative.

Chairman Hirschmann asked the biggest reduction in value for any one property is 300 Franklin Street Bank of New Hampshire. It went from \$3,499,500 down to \$1,800,000. It says that is settled...who settled that.

Mr. Nichols replied the Board of Assessors.

Chairman Hirschmann asked the three of you collaboratively said that should be the proper value. That is about a 50% reduction in value for the Bank of New Hampshire's home office. Did anything change from last year to this year to make that so much of a reduction.

Mr. Nichols replied if they were to appeal this back in 1991 when revaluation first hit they would have been decreased all these years but now we just decreased them for one year because now the revaluation is going to come in and give them a new assessment. If they would have filed this a long time we would have been out without all that assessment for all these years but they thought twice about doing it.

Chairman Hirschmann asked so once the revaluation process kicks in that value actually will change as well.

Mr. Nichols replied I think it is going to change, yes.

Chairman Hirschmann stated thank you for your expertise.

Alderman Levasseur asked why would it change did you not just change it. Is your assessment not the same what the valuation of the other outside independent assessors are going to be giving it.

Mr. Nichols replied we do not know what the final result is going to be. You know it is going to be higher than what we have right now.

Alderman Levasseur asked then why would you change it.

Mr. Nichols replied because we are dealing with equity back to a certain date.

Alderman Levasseur asked so you decided that in 1999 it was 50% lower than what the number it actually was before that but now you are saying another assessment is going to come back and you think it is going to be higher so what the other assessment is going to be higher why did you not just give it that assessment in the first place.

Mr. Nichols replied because we do not know what that assessment is going to be.

Alderman Levasseur asked but when these assessors go away you are the final arbiter on every other building that comes in after they go away.

Mr. Nichols replied we will be able to base it on fair assessment based on what they submit for their I&E's (Income and Expense Statements) and everything else.

Alderman Levasseur asked tell me about this 72 Mission Avenue went from \$90,000 to \$55,000. It seems like quite a precipitous drop...another one around the 50% range on page 2. I would rather not mention names if I do not have to. It is located right in the middle of the paper. It seems like a \$90,000 valuation dropped to \$55,000 valuation when values have only been going up in the last four or five years.

Mr. Nichols stated I would have to go back and look at the abatement sheet itself. I could always report back to you.

Alderman Levasseur stated I find it kind of interesting that the values have gone way up. What about this one at 33 South Commercial Street it seems like another \$400,000 drop in valuation...if anything I thought the Millyard had gone way up actually. This one is Riverwalk Mills LLC.

Mr. Nichols stated there again, we are dealing with the same thing we dealt with the Bank of New Hampshire. We are dealing with the same situation as with the bank as far as the equity issue goes. They probably could have filed a long time ago but never did. So for years, we have had this assessment up there and we are making adjustments for this one year and see what happens when the revaluation is all done.

Alderman Levasseur stated I just find it interesting that we are dropping the valuations in 1999/2000 when I have heard from lots of people who have owned properties and nobody's valuation has dropped. As a matter of fact, these outside assessors have come out and given an average around 10%-20% increases and it just seems kind of strange that we are getting these big drops and giving them a tax break for one year when we have not seen the...are you under any sort of statutory obligation to have to get these things done within a certain timeframe or could you have waited until the new valuation came out from the separate outside assessors before you made your assessment.

Mr. Nichols replied if we held onto them this would probably go to the BTLA or Superior Court and if we lost the case we would have to adjust it on the second bill. But you have statutory deadlines that you are supposed to follow like March 1<sup>st</sup> is the deadline for filing an appeal for this year. The ones who appeal can appeal to the BTLA or Superior Court and that goes until September. They can start filing in September.

Alderman Levasseur asked are you right now doing the same thing...are you allowing these appeals to go forward or are you going to wait until the assessment for the City has been done by the outside assessors or are you still going through this process.

Mr. Nichols replied we are still going through the process but as you can see we only have...

Alderman Levasseur asked does it not seem kind of crazy, Tom, that you are fighting against the outside assessment by doing an assessment based on you three people and this department when we have an outside assessment team coming in. What is going to happen now is when the assessments come back in and they for example say "no you were right it was worth 1.4 million, you knocked it down to \$400,000" you have given these guys...how are you going to deal with that conflict when those people come back to you and say "well you three guys said it was worth \$900,000 this assessing team came in and said it was 1.4 million" like it originally was...how are you guys going to deal with that problem. It seems like it is going to be a problem because it seems like this outside assessing team should be getting their valuations done before you start dropping things on people and then having it come back and them getting "slammed" with another increase. How do you guys rectify that.

Mr. Nichols replied we have to take every abatement case by its individual self. We will have to see which ones do appeal.

Alderman Levasseur stated it would have been better to have them appeal to the Superior Court and leave you guys out of it until the assessment was done by the full City but we do not have any control over that. I hate to see what is going to happen. I will be interested to see the sheet when the full assessment is done and see what those properties are valued at. Do you know...has this one been done this 33 South Commercial Street been assessed yet.

Mr. Nichols replied I think all the residential and commercial are done. But they do not have any figures yet. In fact they are just sending out the I&E's right now.

Alderman Levasseur asked so they have not sent the numbers to you guys yet.

Mr. Nichols replied in the negative.

Alderman Levasseur asked so Bank of New Hampshire you do not know if...

Mr. Nichols replied we will not know that until May or June.

Alderman Levasseur stated it would be interesting to see how your assessments come out and the independent assessors come out. I will be interested to look those over. Thanks, Tom.

Alderman Thibault asked are some of these buildings under some kind of rehab right now and maybe this is why they cannot be assessed exactly to what you feel they are going to end up.

Mr. Nichols replied that could be...like I said I have to go back and look at the abatements to see if some of them were under construction and we are assessing them as we go. I know Paul Porter said last time they were here on certain buildings that they were in different phases. That could be one of them too I do not know.

Alderman Thibault stated that could be part of the problem that you cannot assess it at its proper value if it is not done.

Chairman Hirschmann stated that would be in the notes if that were the case.

Alderman Levasseur asked I just saw something strange in here when I was looking through this list...it says "NH Housing" is in here. NH Housing they do not pay taxes, right.

Chairman Hirschmann asked is that the "In Lieu of" sheet.

Alderman Levasseur replied in the negative and stated this is the actual sheet that they gave us for the property appeals.

Mr. Nichols replied NH Housing pays taxes for the amount of time that they own the property. So if they own a piece of property they can appeal it.

Alderman Levasseur stated they have like 13 million dollars worth of property and they give us \$100,000 in lieu of all these taxes.

Mr. Nichols replied in the negative and stated that is Manchester Housing and Redevelopment Authority. This is different. I would have to check the abatement again but I think this is NH Housing where they are exempt for the amount of time they own the property. Once they sell it, the new owner starts to pay taxes on it.

Chairman Hirschmann stated thank you very much, Tom, see you next quarter.

Chairman Hirschmann addressed item 5 of the agenda:

Communication from the Finance Officer seeking guidance on the approval of miscellaneous departmental spending as enclosed herein.

Chairman Hirschmann stated Kevin Clougherty, our Finance Officer of the City of Manchester.

Mr. Clougherty stated on item 5 we are asking the committee to give us some direction or perhaps put in place a process to get some direction with respect to some of the miscellaneous spending by the departments. By way of history, we have probably; the City's General Fund in 1998 probably spent about \$2,500 or \$2,600 on miscellaneous items...about \$5,000 in 1999 and already this year we are at \$10,000. So we are seeing a pattern develop here. The rule in the past has always been and the guide that we try to abide by and it is really Robin and Kevin when they are reviewing bills and Kim also. But the rule has been is if you have a situation where you have an outside group who are not City employees or salaried employees and they are providing a service to the City or they are coming to the City for some type of a function then certainly to provide some type of refreshments or something like that has been allowed. An example in our office we have the Trustees of Trust Funds and it is made up of professional business

people who help manage the Trust of Funds for us. They do not get compensated for it. They surrender one morning a quarter to take a look at these Trust Funds

and so we provide danish and coffee for them. Similarly there have been times with meetings that the Board has held where you guys have to come in and you are working through Saturdays and we have seen that as a reasonable expense. But what we are trying to do here and what I thought would be helpful and maybe it was not as helpful as I thought it might be was to provide you a list of some of the items that we have processed under that miscellaneous account during a three-month period.

Chairman Hirschmann stated I do not know who gave you that idea that it was not helpful but this is exactly what this committee is supposed to be working on.

Mr. Clougherty stated some of the things for example that we would look at is at the Health Department, some of the items that they are doing is for their clinics and when people come in it is under a grant. They are providing that service. If you are taking blood from somebody you have to give them some...some of those things are allowable. Some of the items that are provided by the Police Department for their programs that they run in the community to get the community involved those are legitimate items. The areas where we have seen a growth is in training. We understand that this is a conscious decision by the City to get into more training for its employees and more strategic planning and things of that nature. But the flipside of that is we need to get some policy from the executive side as to how we should be auditing this and what constitutes something that is reasonable and something that is not. What we would like to do is...and again we have not formulated anything. The approach to training that we are following as we are seeing is really kind of alien to us as Finance people and the government sector. It is very common practice on the private side but we do not often see this happen in the public sector so we really do not have any set policy to apply to this and we really do need some help in trying to formulate that. In the past, when we have had similar issues with travel or purchasing we have always come to the committee and initiated a process to work forward to come up with some type of policy to meet that. I think this is probably an area where we need to do something going forward so that everybody is playing from the same sheet of music.

Chairman Hirschmann stated before I...is that pretty much it, Kevin.

Mr. Clougherty replied in the affirmative.

Chairman Hirschmann stated you are putting it in our direction and set a policy towards miscellaneous expenditures. Now, before I open it up I am going to ask one question and then I will open it up. I just want to set some small guidelines here. I want to recognize everyone and let everyone speak whatever is on their mind. Ask a question, if you have ten questions ask one and then let another Alderman go and let us keep it moving and productive and that is all. Could these departments have charged any of this off to a training line item.

Mr. Clougherty replied Robin reviews these on a daily basis so I will let her...by the way this is Robin Descoteaux who works in our office and does reviews with Kevin Buckley as you know if the Internal Auditor who are responsible for reviewing the bills every week and they are the ones that have to make the decisions about is this a good expense or not.

Ms. Descoteaux stated the items that you see there were charged directly to the General Fund Operating Expenses. There were a few that were not but I did run another report and to date in 2000 there is \$10,000.

Chairman Hirschmann stated that is why everyone saw in the newsprint and in the media some comments in the newspaper because we realized that this was General Fund Expenditure requests. So are department heads misapplying their...is that the problem...is there a training line item they should be applying this to or...

Ms. Descoteaux replied I do not know everybody's line items. They have never had a training and I know now that we have TQM (Total Quality Management) and that is in Human Resources you tend to see more of the purchases for TQM but it is still hitting their Operating Budget. I do not know what they submitted for their budget to say how much is for TQM because they also have the TQM in the CIP Cash.

Chairman Hirschmann stated I want to thank you, Robin, for bringing this to our attention.

Mr. Clougherty stated and that may be part of the solution, Alderman, if we go through here as to set up separate things for these different programs so that they can be tracked and if the Board has questions we could go back and sort them out. We are not issuing this or asking because we have a position one way or another on these expenditures, we just trying to get a feel for in the future what is going to be allowable and what are the controls that you want us to enforce on these things.

Chairman Hirschmann stated if your questions are not for the Finance people let me get the appropriate people up so you could ask them the question.

Alderman Thibault asked Kevin, if I understand you right, you are saying that this is something new that seems to be happening. It is not something that was happening before so why did it happen, do we have a reason as to why this has happened now and it did not happen last year or the year before. Did Union contracts demand that.

Mr. Clougherty replied in the negative and stated I think it is in the last couple of years we have seen a conscious decision to do more training with TQM, more strategic planning and to do those types of things that are very common except in the private sector but not always show up on the government side. That is really what has given rise to some of this and that is okay we just need to recognize that and disclose to you that this is an issue that we are wrestling with and trying to have the Board engaged in some type of a process as we have in the past to come up with a good solution that is comfortable with everybody and then we could uniformly apply it.

Alderman Thibault stated a lot of times, like you alluded to a few minutes ago, is that sometimes we come here like 3:00 or 4:00 in the afternoon and I have seen nights when we get out of here at midnight or 2:00 in the morning...I do expect that if I cannot be home for dinner I am going to have something to eat here while I am here. So on that one, I certainly feel that we are not "trespassing", if you will, but I believe some of these departments are here today and maybe, Mr. Chairman, you could call some of them over here and explain and maybe why is it not in their budget. If in fact we are going to start doing this maybe there is a way that we should identify it in their budget.

Mr. Clougherty stated and now would be a good time to do that as we go into the Aldermanic...the Mayor's budget you will have some clear direction for these expenses going into the next year. And it is very clear what is going to be allowed and not allowed and that is why I felt it important to surface this now.

Chairman Hirschmann stated we are going to get to some questions and then we will start talking about policy.

Alderman Levasseur asked is the Mayor around.

Chairman Hirschmann replied the Mayor's representative, Wayne Robinson, is out in the back. Do you have a specific question for the Mayor.

Alderman Levasseur stated I was very upset with the comments made by the Mayor today in the paper that I saw that he was comparing us, the Aldermen, with these TQM meetings and I just wanted to let you know that if he would have been here I would have let him know and I will let him know in a letter anyway because there are nights like you said, Alderman Thibault, that we come here from 3:00 in the afternoon until 2:00 at night and I have seen Mayor Baines in that room and eating the food too so I took great offense to that. Is Mr. Hobson around.

Chairman Hirschmann stated Mr. Hobson's father-in-law had a heart attack so he is not here. His Deputy is here if you would like to speak to the Human Resources Department.

Alderman Levasseur stated I do have a couple of questions...I am a little bit incensed by some of these amounts of monies. As you all know, I am in the food business and I see some of these incredible amounts of money being spent and what really bothered me, Mr. Chairman, is that the number that they said was \$4.00 per person I am wondering if you were counting in...when I divide that number out I looked at that number and I see that were you are comparing 2,900 employees in the City and saying they are each getting \$4.00 per person. I doubt very much that 2,900 employees were sharing in this \$9,000 number so I do not think that number is right.

Chairman Hirschmann stated there is a communication I got from Mark Hobson did you receive that.

Alderman Levasseur replied in the negative and stated I did not.

Chairman Hirschmann stated it says there are 1,545 participants and the food expense was \$6,150 for a cost of \$3.98 per person. I will share that with you.

Alderman Levasseur stated that comes out to \$6.00 anyway so their \$3.98 number does not even come close. I was wondering if I could speak with...I do not know who is responsible for a couple of these but I have 22 mugs priced at \$16.11 and I have 25 T-shirts priced at \$18.95 each. I look at these numbers and I am kind of like...

Chairman Hirschmann stated Howard Tawney is the Deputy of Human Resources he is going to come up and represent as best he can under the circumstances. Howard, if you cannot answer some questions it is understandable. But just for the committee's ability to ask some questions I would appreciate it.

Alderman Levasseur stated I just want to say right now, Mr. Chairman, I think it is inappropriate that Mr. Tawney should have to come in front of us when Mr. Hobson should be here. I do not know if maybe we should table this one particular section of the report for Mr. Hobson. I do not know if you are the appropriate guy I could talk to about these questions as far as mugs and T-shirts. I can tell you right now when I first came on as an Alderman when I saw the Mayor pointing \$75,000 towards TQM I knew this was going to happen. I knew this was the path that we were going to go down. I have seen this before. It just becomes one of these things where we just start having all these meetings and I look at some of the listing of these people that are getting these things and these events. It just turns into a big "funfest" and this is the kind of stuff that gives the City of Manchester and government a bad name. When they see numbers like this they see people getting T-shirts and mugs and these \$495.00 and \$578.00 for breakfast. This is the kind of stuff that really, really irks the taxpayers. I do not know what we can do about this. Obviously we are going to have to put in some sort of a policy, Mr. Chairman, for these kinds of events.

Chairman Hirschmann asked do you have a specific question for Howard.

Alderman Levasseur asked these meetings that you have had are these meetings only that the Human Resources Department specifically asked for or were these also asked for by other people in government specifically out of the Mayor's Office...did he ask you guys to go out and purchase these mugs. I see they are some sort of a Christmas gift is what we have been hearing. Is that true.

Mr. Tawney replied this was part of employee recognition-type of items. As far as the training, some of the training is mandated...sexual harassment, Americans with Disabilities Act awareness, plus we have had Violence in the Workplace, Total Quality Management, Time Management. We do an orientation every month for new employees.

Alderman Levasseur stated let me get back to the question here. We can read these lists and know all that and understand but are you requisitioned by anybody else or is it your department that strictly made these decisions to have these meetings and to allot these monies for these specific meetings or were you asked to do them by any other department heads or by the Mayor's Office.

Mr. Tawney replied I believe we came up with the idea for employee recognition and doing this the Mayor does participate...give out the pins and awards. The employees come to the Chamber here. We do provide coffee and a few sweet rolls. Family members, children come for recognition of the employees for 25 or 35 years of service.

Alderman Levasseur asked what was the Special Project in particular for those mugs. I have a couple of different things here...I have a Special Project but I do not have anything listed exactly what the Special Project is for 22 mugs at \$355.00 and I do not have a...it says Human Resources but it does not say any kind of a meeting name...there was no meeting name for the 25 T-shirts. So I am wondering what were those two events. We do not have any kind of event listed...we do not have like a sexual harassment mug day or a Violence in the Workplace sweatshirt day.

Mr. Tawney replied the T-shirts, I believe, were for the Quality Council.

Alderman Levasseur asked what is the Quality Council.

Mr. Tawney replied it is part of the...

Alderman Levasseur asked is that the Quality Council that was we just...that is the one where you have a list of all the people that are members of that Quality Council that was put together this year.

Mr. Tawney replied in the affirmative.

Alderman Levasseur asked and what about the sweatshirts, what kind of a council is that one.

Mr. Tawney replied I believe those are the T-shirts.

Chairman Hirschmann stated the mugs were not for your years of service. I saw a few of the mugs they were around City Hall. You are talking about recognition...if someone has worked here for five years, for ten years, for twenty-five years you can give him or her a pin, a watch, a pen or whatever you are going to give them. But these are mugs that you just handed out and shook someone's hand and said "Here is a mug with your name on it" and charged it to the taxpayers of \$473.00 or whatever it was. Do not say that it was a recognition thing. It was a give-away. It did not have anything to do with years of service or anything of the nature. I saw the mugs myself. We could have done without them. Now when this budget came to the Aldermen, it was a "bare bones" budget. That is what was thrown at us a "bare bones" budget. There was no talk of pens, or sweatshirts, or mugs, or expensive pastries. What there was talk about is that we could not have bicycle cops in the intown and I was on the corner of Lake Avenue in July at 3:00 in the afternoon and a bike cop was all my himself and I said "do you guys usually ride around in pairs" and he said "oh well you guys cut our budget...you guys cut the "bare bones" budget". So this is the kind of stuff

that the Aldermen have to put up with in public. So when we find little things like mugs that were not necessary it is very upsetting. If Mark Driscoll got his 25<sup>th</sup> year and you handed him a mug that is fine but the rest of these...not on your best day.

Alderman Levasseur stated I am all set for now, I just...

Alderman Pinard stated I could see the direction this is going in. I think there is too much politics involved. It is about time that we sit down and make policies. I was on that TQM committee three years ago at the airport and we had coffee because we had to go there at 8:00 in the morning until noontime with Fred and Paul. Three years down the road and this comes up...I do not think it is fair that all at once all this stuff is coming up. Why not then. Now I think it is the time to establish policies on this stuff. You pick on the Mayor, you pick on this, you pick on that, let us stop picking and let us start adding policies or a policy program.

Chairman Hirschmann stated thank you, Alderman, I respect that. So far, I do not think any one person has come under any kind of an attack. We are talking about expenditures to the General Fund of the City of Manchester and I recognize Alderman Lopez.

Alderman Lopez asked I believe that we have to set some of the parameters straight here. The Board of Mayor and Aldermen approved this budget, the Board of Mayor and Aldermen as a body said that they want to have training for all the employees...mandatory training and in doing that with TQM the Board of Mayor and Aldermen set the direction as to the City to treat their employees and train their employees. And in doing so, in setting up training conferences they have to be there at 8:00 or 8:30 in the morning to have a cup of coffee and a doughnut...I do not think it is treating the employees...it is treating employees with dignity, respect and also a cost saving in my viewpoint. If you have 20 or 30 employees coming in this room for training and then you give them a 10-minute break everybody is going to run out and get a cup of coffee and a doughnut then what is going to happen...at least half of those people will probably come back a half-hour later and so to me it is cost effective. The training program that the City embarked on was a good that they have not had for I do not know how many years. The TQM has to be explained just a little bit farther. We are talking about \$4.00 for 1,545 employees according to the record that I have here. Just as a side for \$85.00 for the Aldermen, that is \$6.00 so they have to catch up to us.

Alderman Levasseur stated your numbers are wrong, Michael.

Alderman Lopez stated my numbers are not wrong and I think that we have to talk just a little bit about this. Howard, in reference to the Human Resources Department it seems to be the biggest one and I guess it has to be explained a little bit more about the money aspect of it. Now Robin indicated all this money comes out of the General Fund. Could you explain that just a little farther, please.

Mr. Tawney replied some of this, yes, as it is shown here it all comes out but we have been waiting for a transfer of money from the CIP that we had set aside for training and because that took some time to get the transfer this will be billed back to some of those functions.

Ms. Descoteaux stated but CIP is CIP Cash it is still City cash tax dollars.

Mr. Tawney stated it is all tax dollars.

Ms. Descoteaux stated that is what I am trying to say even though you transferred from there to CIP Cash it is still City cash.

Alderman Lopez stated I do not know what brought all of this on bringing this to your attention but either we are going to be in a good environment of treating our City employees in a training atmosphere are just not going to work. It is just not going to work. You have people coming in, visitors coming in such as the Secret Service the Police Chief had over there what is he supposed to do...bring your own coffee. That is not a question for you, Robin, to answer.

Ms. Descoteaux stated I review the bills, Alderman Lopez, and I want to make a comment...if it is going to be fair for one department we just want it to be fair with all the other departments.

Alderman Lopez asked is that the issue here.

Ms. Descoteaux stated that is what the issue is...it is not that we are "harping" on one department...if you are going to let a department buy flowers for somebody who is in the hospital you have to let the rest of the departments do it because what happens is other departments what they do is they collect funds and purchase these items when you have other departments that do not do that.

Alderman Lopez stated then I would suggest that you get with your department head and sit down and see if he wants to buy somebody flowers because that is where the budget comes from.

Ms. Descoteaux stated I realize that and that is why we never brought this because we did not want to micro-manage but...

Alderman Lopez stated I think that you are micro managing on this particular point.

Ms. Descoteaux stated before they used to be every month we used to bring the entire check run and the Committee on Accounts had to signoff and the Internal Auditor would make comments on any purchases that seemed...we should go back to that.

Chairman Hirschmann stated that is a good recommendation but we are going to discuss it further.

Alderman Lopez stated in your experience, in other auditing businesses or whatever the case may be do other people do this.

Mr. Buckley replied my main experience is with the State of New Hampshire and they have the General Purchasing Rules of what you can purchase. As far as doing things like this, the General Rule for the State is if you are doing something within your own department for your own people like in-house training in your building for your people then if they want coffee and doughnuts they pay for it themselves. If you were doing a State Agency-wide training and you were moving it to someplace, coffee and doughnuts generally was allowed at something like that. Meals, if you are in the City and you had a training...meals generally are not...lunch generally is not allowed because they consider that your are in your own work area. Then it falls under the travel rules.

Chairman Hirschmann stated do you remember we set up the policy that to get a meal you had to travel so many miles and be gone for so much of the day. We have a travel policy.

Alderman Vaillancourt stated in my other job as a State Representative I am paid \$100.00 a year. We have a coffee fund in the committee I am in and we pay for our own coffee. If somebody is sick or something and we want to give them flowers we "pass the hat" we pay for the flowers. If a State Representative making \$100.00 a year can do that I do not understand why a City person making \$30,000, \$40,000, \$50,000 or whatever a year cannot pay for that. You mean to tell me if somebody is out there working on his police shift or fire shift or whatever he is not having the City pay for his coffee and doughnuts but if he comes in for a one or two hour meeting he is expected to get coffee and doughnuts for that meeting is that what we are doing. That just "boggles" my mind. But I

have one question specifically referring back to the 22 coffee mugs...I do notice there is a notation that says "CC was supposed to pay" does CC stand for Chamber of Commerce. What does CC stand for.

City Clerk Bernier replied City Clerk's Office.

Alderman Vaillancourt stated City Clerk's Office, okay. I just want to say that the number of these things have happened indicates to me that there is a change at some level that is encouraging people to serve coffee and doughnuts or pastries whenever there is a meeting this is just... this is just...there are dozens of these from Human Resources and I suggested...how long do the meetings last.

Alderman Lopez replied I am on that committee so I can answer that they last anywhere between two to three hours.

Alderman Vaillancourt asked and most of these other events are they of a duration of one, two, three hours is this something that somebody is going to have to have a doughnut and coffee during the duration of that event.

Mr. Tawney replied much of the training is all day type of training. We hold a lot of them at the Water Works. Some of them have been held up here primarily the employee recognition have all been up in the Chambers here.

Alderman Vaillancourt stated maybe for an all day celebration I could see this but for a couple of hours I could not ever justify it. There is one thing you have; employee anniversary celebration \$242.00 for pastries. Would this be the kind of thing that employees should "pass the hat" to celebrate their own anniversary or something.

Mr. Tawney replied I do not believe that was somebody's wedding anniversary or anything like that.

Alderman Vaillancourt stated I did not suggest it was. I am saying that if you are celebrating an anniversary celebration normally in private industry, normally at the State level we would "pass the hat" saying so-and-so is having an anniversary...our secretary has been here for twenty years and here is my contribution of \$5.00 now are we doing something where we are expecting the City to pay what private employees would normally pay themselves.

Chairman Hirschmann stated what I am going to say kind of goes to the core of this thing and it is not directed at you, Howard. It is not directed to any one person. It is just directed at the City in general and these expenditures and that is nobody has really done anything wrong here but we can certainly do better. The taxpayers are depending on us as elected people and some of you as appointed people to really come through for them and be more conservative with expenditures. How many people are on a Quality Council meeting does anyone know that answer. Seventeen people because I see a lot of Quality Council meetings that got \$81.00 worth of pastry...that is a lot of money. Just for a little example what I did today to show how you can be conservative, I said "well the Aldermen are going to lead by example" so I went over to Vista Foods and I purchased for our backroom chamber \$4.67 worth of coffee and donuts product and I noticed there is a lot of 100 cups of coffee on here for \$89.00 well on the side of a can of Maxwell House (this cost \$2.59) and it says right on here that it makes 80-90 suggested strength servings. So there is 80 cups of coffee for \$2.59, fifty cups so Vaillancourt does not have to chip in we have fifty cups for \$.79 and we even got some doughnuts in case Teddy shows up \$1.39 for a box of 14 and that is why I bought this box. So we each get a doughnut for \$4.67 that is donated by Security Net for the Aldermen to enjoy 80 cups of coffee and some doughnuts. So that is the kind of example that I am asking the departments to come through in the budget. The next "bare bones" budget that is put in front of us get out the coffee maker and make the coffee, get the carafe going. I mean, come on \$81.00 for pastries, \$121.00 for food, \$89.64 for 100 cups of coffee...that is not acceptable. That is not acceptable to the taxpayers of Manchester. I have one question and I will let our Honorable Mayor speak...the first expenditure says "Department – City Clerk New Hampshire College Food Service" and it says "Mayor's meeting with Health Care Professionals" \$70.20 for a continental breakfast. My only question really is why is that being charged to the City Clerk why is that not charged to the Mayor's budget.

City Clerk Bernier replied I think we scheduled that meeting and we participated and I think the Mayor was involved with it so we picked up the bill. We also have a good relationship with the Nynex people. We tend to use their rooms and then never charge us so sometimes we do these things as a gesture.

Chairman Hirschmann stated all I want to do is make sure that the charges are going to the appropriate department and that everything is the way it is supposed to be and if it belongs in someone's department let them go.

Mayor Baines stated I do also have a receipt here, Alderman Hirschmann, one of my business visits today happened to be at the Union Leader so I went and treated the employees at the Union Leader to Dunkin' Donuts today. First of all I would like to make a statement regarding this because this is one of those issues that obviously is a concern when you look at the expenditure to City funds and we are all very concerned about that. However, we must bring occasionally to the debates in City Hall a little dose of common sense in terms of some of the activities that occur at City Hall with if you are recognizing 100 employees in here in the morning to thank them for their years of service to the City and congratulating people and acknowledging the fact that they may have dedicated themselves to our community for 43, 40, 35 years and you provide them with a cup of coffee and a pastry...I think we should be doing that. I think it is the right thing to do and we should continue to do it. However, after meeting with Mr. Clougherty this morning and it should be noted that the Mayor was not informed about this problem. I learned about it when a call from the Alderman over the weekend knowing at any time during the past three, four, five, six months never came to my office or a call or anything saying "Mayor, we are looking at expenditures, I would like to sit down with you and discuss it" at which time I would have called the department heads together and looked at the issue and perhaps looked at guidelines perhaps come to the Board with some policies and procedures. I think the policy or the process should have been a little bit better than this and should be in the future and we expect it to be better in the future as well. But I met with Mr. Clougherty and Mr. Hobson this morning and I have issued an immediate freeze on all spending for refreshments at employee training seminars, employee recognition events and meetings of the Board of Mayor and Aldermen. As I said, I first learned of this issue raised by the Finance Department when I received a call over the weekend. When I spoke with a Union Leader reporter on Monday evening, in fact late yesterday, I informed him that I had scheduled a meeting with Mr. Clougherty this morning to discuss the spending issue raised by Alderman Hirschmann and to establish guidelines to be followed by department heads to ensure that all funds are spent appropriately. I am also, and I will reiterate my concern today that the Finance Department did not on any occasion alert me earlier to its concerns about bills for refreshments. That is not the way government should work. After initial review of the matter of Monday, I learned from information provided to me by Human Resources that the average cost of light refreshments was \$3.98 per person. I indicated at that time that this figure appeared to be reasonable because of the extensive amount of professional training occurring throughout City government. In addition, employee recognition programs which involves several hundred employees being recognized here in our Chamber for their years of service refreshments have been provided at meetings and seminars on sexual harassment, stress management, technology and innovation and Total Quality Management. There is nothing wrong with that.

Upon further review of the matter, I have decided to freeze temporarily all discretionary spending for refreshments. This policy is consistent with budget tightening measures I announced early in my administration. For example, last year I ordered the removal of all bottled water from City Hall offices including the Mayor's Office, the Finance Office and other areas across the City which were wasting taxpayers money by securing the services of bottled water. When we have a great water supply here in Manchester, all you need to do is turn on the tap and drink from it, it is great water, I enjoy it. I think we should reflect on that as well that there are efforts that all of us can engage in to bring about taxpayer saving. I have directed all City departments to review all spending related to expenses for refreshments and to provide me with a rationale for these expenses to ensure that all expenses of this nature are justified. I believe that it is appropriate to provide limited light refreshments at certain events. However, focus must be on the bottom line of each budget and I know our department heads are committed to doing that. I firmly believe that a review of the expenses however, is warranted and it is appropriate for discussion. Effective immediately requests to expend City money for light refreshments must be personally approved through the Mayor's Office until such time as more detailed policies and procedures are in place. I shall work with the Finance Officer and department heads to establish policies and procedures related to such expenses and submit these to the Board of Mayor and Aldermen for approval. Included in this policy shall be rationale for all expenses, which shall be submitted for approval to the Mayor. Approval shall be subject to guidelines established by the Board. I do not believe that anyone ever attempted to mispend City money. I think our department heads across the board have committed to prudent spending measures and if the Chief of Police has an event at the Police station...I have been to several of them where they have family and friends of new recruits in there and they provide coffee and doughnuts that is an appropriate expenditure of money. We need to continue to do that but we need to be prudent with the expenses. And again, in the future, if the Finance Department has an issue related to spending this could be very easily solved by bringing that to the Mayor's Office, ring the department heads involved in, look at what is the right thing to do. Decide on policies and procedures and then if necessary report it to the Board of Mayor and Aldermen. That is the process that should have been followed here as well. Thank you, Mr. Chairman.

Chairman Hirschmann stated thank you, your Honor, I appreciate you coming today and I know there was a big headline in the paper and you wanted your side and I appreciate that very much. I am a little concerned what your action does with our policymaking board here. I guess you just took us out at the knees. Do we need a policymaking board or not. But at any rate, like I said my personal opinion and I would let the other committee members go...none of this was wrong

it is just that we can do better. And the Mayor has fully realized that by his speech

saying he put a freeze on himself because he knows we could do better. And as a gentleman put in this chairmanship by Mayor Baines, I sent him a communication as soon as I saw this on our agenda I wrote the Mayor a letter. I let him know last week. Communication from Chairman Hirschmann to all Aldermen and the Mayor. Gentlemen policy-makers...one of my favorite sayings in life is "be careful of what you wish for because it may come true". Rash comments that we are mere policy-makers have been echoes in City Hall as of late. Well much to the disappointment of some we are in need of a policy. The Mayor has agreed, he is tightening the controls, which is a good thing. So good things are going to happen from today forward. I invited each and every Alderman to the Committee on Accounts and I told them to bring their policy caps and put them on. I will let everyone speak to the issue. We do not have to do anything today because I guess the Mayor is going to come in with a policy is that right, sir.

Mayor Baines replied in the affirmative and stated and just to...I appreciate your comments. What I would expect to happen is that we would come to you after this meeting with guidelines that would be approved by the Board to deal with that. But the full Board is not meeting until next Tuesday. I felt it might be prudent to do something immediately under the authority granted to me under the Charter. And also I have been in consultation obviously with other Aldermen and will continue that dialogue to do what is right by the City.

Alderman Thibault asked first of all I would like to ask how...if you can in fact explain you mentioned something before that in the CIP process there was money set aside for Human Resources to in fact do this type of thing. Could you tell me what the amount was or thereabouts...but there was something in motion there and you are saying that money has not been transferred to Human Resources so can I assume that if that money was transferred today a lot of this would not be here.

Mr. Tawney replied that is correct.

Alderman Thibault asked but it was approved through CIP that this should happen so what are we saying...CIP will approve it or will disapprove it...I do not think that is right. I think if CIP approved it that is when we should have questioned it, not now in my opinion. So that is the question I wanted to ask. Do you have to have a number of the CIP approved if you will.

Mr. Tawney replied I think \$20,000 was approved.

Alderman Thibault stated certainly within the parameters we are talking here.

Alderman Levasseur asked it is too bad, Mayor, that it takes the doughnut crisis to have you start looking out for taxpayer's money and I want to congratulate Kevin Clougherty for coming to this Board and doing his job. It is ironic, Mayor, that you chastise the Finance Department for telling us something and you at the same time were chastised last week for not coming to the Board and telling us. I myself will bring the food in for free not at taxpayer's expense for any meetings that we shall have and I expect that this next budget battle will be just as tough as the last one so I take it upon myself as I had on many occasions to bring in the food for the Aldermen so fear not, gentlemen, if we are here from 3:00 until 2:00 I promise that my guys will bring over food to take care of you guys. It is just amazing, your Honor, that you would chastise the Finance Department for doing an excellent job as usual. I cannot understand why anybody would be upset with you guys who want to come here and just tell us what is going on and exposing...you are not here to pick on any department...you are here to just enlighten us to what is going on. This board has been put together by the Mayor himself to make sure that we are here to watch over taxpayer's money and here we are getting chastised for it. I find that rather ironic, it is absolutely incredible. We should be held up, your Honor, I have said that to you on many occasions. You seem to have this friction with this Finance Department and we enjoy them very much for what they do and bring us forward with all this and I hope, Kevin, that you are not intimidated by anybody and that you always come forward and do your job like you have been for the past ten or whatever years you have been working for here. I can tell you right now I look forward to meeting with all the time. I think you are one of the most upstanding people we have in the City and I am glad that you work for the City of Manchester.

Alderman Pinard asked it is 4:10 and we are going around here. I would like to make a motion now to go under the recommendation of Mayor Baines. Let us sit on this until the next meeting. We are wasting a lot of time here for nothing. We have a whole agenda to do and there is a CIP meeting at 5:00. Thank you, Mr. Chairman.

On motion of Alderman Pinard, duly seconded by Alderman Levasseur, it was voted to table item 5 under the recommendation of Mayor Baines.

Chairman Hirschmann stated out of courtesy to the Mayor he wanted to speak to a point. I am going to let that happen and consider it tabled.

Mayor Baines stated the issue that I have addressed here; there is an intermediary step. This matter should have come to the Board and appropriately came to the Board but it also should have come to the Mayor first. We have set up a system of government that works with the Mayor with that responsibility and what I would have said as I said to Mr. Clougherty this morning and in fact you indicated in retrospect that perhaps should have been the first step because we would have had an opportunity to bring these good people together, Mark Hobson, Chief Driscoll and others that may have been questioned, sat down, reviewed the information, come up with some suggestions perhaps how we could fine tune the process and come in a manner where people were not totally surprised that there were any concerns out there. I think where there is a fundamental right and we will disagree about the way government should be done. That is okay but the government that I believe that is the appropriate government is that you bring people in, you talk about the concerns, put them on the table, give them a chance to respond without being subjected to this kind of process. It would have ultimately ended up at the Board level, I support that and encourage it but there should have been one other step followed that is the process that should be followed under the Charter and it involves the Mayor as the Chief Executive Officer of the City in charge of that aspect of government and I believe that we should have been given that opportunity to get involved in this. Once we were, we took appropriate actions and that is the way government is supposed to work.

Chairman Hirschmann stated what I am going to say is your Honor, this is for you, I respectfully disagree with you this time. The blinders cannot be kept on the Aldermen nor the taxpayers and that is what this is all about. If this was referred to your office we are not on speaking terms...when would I hear of this...ever.

Alderman Levasseur stated if this would have been brought to the Mayor's Office first this committee would have never heard about it. You would have quelled it. You would have kept it in your office and locked the door and locked the hinges again because that is your style of running the City and that is not the way we want to run the City. We do disagree respectfully, your Honor, with your way of running government.

Chairman Hirschmann stated this has gone far enough.

Alderman Lopez stated this has gone far enough because of certain people.

Chairman Hirschmann stated you could speak to the Mayor about it.

Chairman Hirschmann addressed item 6 of the agenda:

Communication from the Deputy Finance Director submitting financial statement for Riverfest, Inc.

Mr. Clougherty stated this is an item that the committee has asked us to provide and to contact the Riverfest Committee and bring forward and that is why it is on the agenda.

Alderman Levasseur asked it looks like we just did a little switch in date here, Randy. We did not pay the Police for a couple of years. Their money that they were due for their overtime work and you guys do a great job running that by the way, Chief. It is one of the best-run events in the City. But they just switched and baited us and now it is \$10,158.94 for two different organizations. So basically, we are still in the hole. I thought we had gotten out of that hole and I know the Mayor had gone and given them \$15,000.00 out of contingency and now we are \$10,000.00 in the hole again. I am not sure about this but if you guys have checked the numbers but I am a little wondering about the gates. I think they told us 60,000 people came through at \$5.00 each that is \$350,000.00 in revenue and I only see \$90,000.00 in revenue from gates so even if we cut that in half it would still be well over \$150,000.00. Do you guys have any idea what is going on with that.

Mr. Sherman replied in the negative and stated I talked to Roland Gamelin and first of all apologize on his behalf that you cannot be here. He manages four car dealerships and this is not a good time for him to take time off. I will try to answer as many questions as I have answers from him. What he had explained to me for this year, if you actually go to the last page of the financials that he had sent, where it lists out the transaction detail by account, these are his corporate sponsors. They had expected \$40,000.00 to \$50,000.00 this year from corporate sponsors and they only got \$17,000.00. He had mentioned to me that they had actually gone out and hired a professional to do fundraising for them and it failed. They admit that it failed and they have to do a better job at this next year. If he had that \$40,000.00 he obviously would have been where he thought he was going to be when he was here last June asking for money. But he did not get the \$40,000.00. If you even go back to his revenues and expenses...his revenues include the \$15,000.00 that the City gave him up front but the expenses do not show paying you back that \$15,000.00 and they are still in the hole. That is the problem that they face. On the page right after where he has his AP Aging Detail he admits that he has not paid the Police Department. He has every intent of paying the Police Department and these other vendors.

Alderman Levasseur stated out of next year's revenues like he did the last couple of years.

Mr. Sherman replied in the affirmative and stated they realize the situation. As far as why maybe the...

Chairman Hirschmann asked could I recall what was said in these Chambers...three sunny days and we would not have any cash problems. Alderman Levasseur and I were there and it was not raining.

Mr. Sherman stated I mentioned that to him that the concern was on the gate and again he pointed back to the corporate fund raising. That is where they came up short this year. They said the gate was fine. Now, I agree that the math may not necessarily work on the gate and I think that is an issue that we certainly could get Roland here at the next committee meeting to maybe address this. I do not have the right gate attendance.

Alderman Levasseur asked but the year before that they did not say that...they did not have sponsors before.

Mr. Sherman stated I think it the year before they had weather problems. What Roland told me was back in the 80's they were bringing in \$50,000.00/\$60,000.00 in corporate sponsors. They are way down from where they used to be.

Chairman Hirschmann stated they have to cut their expenses. Someone has to teach them how to run a business.

Alderman Levasseur stated but we do not have any authority to do that. You do not have any authority, Kevin, to do that.

Chairman Hirschmann stated but we do not have to be a "carte blanche" either.

Mr. Clougherty stated they have just chosen to pay selectively and in doing so they have made some decisions that whereas in the past the City has foregone some of these because it is a civic program and it does provide something that perhaps the City would follow that same path and I think that is reflected in the financial statements here. The point Roland needs to make is to maybe come back to the committee and talk to us about the corporate fund raising and see if there is something that the Board of Mayor and Aldermen could do to help him in that regard so that it is successful and we will all benefit from that.

Chairman Hirschmann asked Mayor Baines, the full Board thought they resolved the Riverfest issue and it is still not resolved...would you like that referred to your budget for funding or what would you like. The police details have not been paid and that is an issue. I think we just gave them \$15,000.00.

Mayor Baines replied in the affirmative and stated why don't we do that. I just talked with Kevin about that and we could refer it to the budget then it would give Kevin and me an opportunity to work with him on that to resolve it.

Chairman Hirschmann asked if their financial people...even though we address it in the budget...if their financial people could somehow work with the City because they are keeping a net loss situation. It is a problem, your Honor.

Alderman Levasseur stated it is not \$10,000.00, Mr. Chairman, it is \$25,000.00 because the Mayor gave them \$15,000.00 more so they are in the hole \$25,000.00 they are not in the hole by only \$10,000.00 so it is a continuous carry-over. We blame the schools for running a deficit of whatever money and they are running a deficit on us. I do not know what we could do but how do we find out what the gate receipts are. They were here and they said it on the record there was 50,000 to 60,000 came through that gate. Those numbers do not add up.

Mr. Sherman stated if you look at their total admissions revenue it is the \$90,000.00 and you are right that does not add up to the 60,000 people coming in.

Chairman Thibault asked but you do not know the reason for that.

Mr. Sherman replied I do not know the reason and I think that is a reasonable question to ask Roland.

Alderman Pinard asked do we have the right to have somebody audit their books.

Chairman Hirschmann replied I would think because we are giving them public money that would open it up to that.

Mayor Baines stated Kevin and I were just talking...we would like the Board refer it to the Finance Officer and myself and we will sit down with Fred, we will go through this and try to come back with a reconciliation of this and finally get this resolved at least with some recommendations to resolve it if you could do that and it would give us an opportunity to work on it.

On motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted to refer item 6 to the Mayor and Finance Officer for the 2002 budget process for funding and to solve any deficit problems in the future with recommendations to the committee.

Alderman Levasseur stated Mayor, I think we might have just realized something here...Kevin Clougherty brought this forward to our committee and a simple little thing for \$10,000.00 that he did not come to you before. He came to our committee and we are discussing it and now we are sending it to the Mayor's Office just like the doughnut crisis.

Alderman Thibault stated Randy just said he was going to look into the reasons why the gate numbers do not match and he is going to look into that and come to this committee and tell us that.

Mr. Sherman stated we would try to match those numbers up.

Chairman Hirschmann addressed item 7 of the agenda:

Communication from the Internal Audit Manager submitting audit status updates.

Mr. Buckley stated there has been more activity since I have written the letter to you and there is a couple of items I neglected to put on there that I would like to discuss really quickly. The first audit we have on the Permit/Assessment cycle...the Building Department has given me everything I asked for from them and I have enough information from them that I can actually go over there and start doing field work for them. But I would like to hold that off until I get done with the second item which is the Building Improvement program audit. I would like to do that one first because I think that is the most time urgent of them. Just today, Rich Davis has supplied with everything I asked him for. It is in good format. I skimmed through it and it looks like everything that I could have wanted from him I have some more questions of course for him and I am going to get in contact Rich and try to schedule things for next week to actually get over there and do the field work.

Chairman Hirschmann asked you are still using your schedule of checkpoints that you developed.

Mr. Buckley replied in the affirmative and stated I am going to have to change them a little bit because of...

Chairman Hirschmann stated you got that approved by us the format that was to be used and you are going to change that do you want to show us the original and the update.

Mr. Buckley stated it would mostly be changed for things that happened early in the program where my understanding was not exactly what the reality was. The 1997 projects were not handled the same way as 1999 projects. I am going to have to adjust the schedule slightly but the net result should be the same. The other thing is the Health Claims audit that is being done...we are having some problems with Blue Cross/Blue Shield...there are some legal problems that are being sorted out between our City Solicitor's Office and them. The other problem we had was Atlantic Administrators who used to handle the Police health now wants us to pay them \$1,000.00 and we have looked at the contract that we had with them and there is not much we could do although we are trying to negotiate a lower fee...that sounds a bit high.

Chairman Hirschmann asked do they still handle the Police account.

Mr. Buckley replied in the negative.

Chairman Hirschmann asked if they are not performing why would we pay them anything.

Mr. Buckley replied access to the data from them so that we feel that might be an area where we could get...

Chairman Hirschmann asked because we need that data.

Mr. Buckley replied in the affirmative and stated we expect a good return back on this audit of funds returned to us so I think it is money well spent.

Chairman Hirschmann asked Tom Arnold, would that data be our property anyway if someone is administering a program for the City of Manchester and they are compiling data for the City they are worried about access to data that we hired someone to maintain.

Deputy City Solicitor Arnold stated basically the ownership of the data is usually subject to contract revisions. I did examine the contract and unfortunately it does not have provisions as to the ownership of data. There is certainly an argument that it belongs to the City but I would also note that this data is health claims

which is subject to privacy protections under both State and Federal Law which is what I will be dealing with Blue Cross/Blue Shield shortly. Part of...as Kevin alluded to...is a confidentiality agreement so that everybody is assured that this data is not going to end up public.

Mr. Buckley stated the next audit that is going on is Berry, Dunn, McNeil and Parker has been performing an audit of revenues derived from cable television franchise fee and we have talked with Cliff Abbott and he is in the process of writing the report...his field work is done and he should have something for this committee the next time probably.

Mr. Clougherty stated there has been a death in his family and it has taken him out of commission for a couple of weeks here that is why there has been a delay. He left me voicemail last night and we hope to have that for the next committee meeting.

Mr. Buckley stated the final item that I would like to discuss briefly is the FY 2000 CAFR. We are waiting on the School District financial statements. There is possibly some bonds that still remain outstanding but other than that everything is all wrapped up and as soon as we get things together with the School the thing should come together very quickly.

Chairman Hirschmann stated I appreciate the update but I do not want you focusing on that. I want you to stay with internal affairs. That is an external situation that I think that Kevin Clougherty would keep us posted with. We are paying those people in Connecticut a good sum of money to do their job so we need you to focus on the internal audits. Kevin Buckley is going to continue on his Building/Assessment and Health Care, thank you, Kevin.

Chairman Hirschmann addressed item 8 of the agenda:

Discussion regarding policy on collection of open invoices over ninety (90) days with the Deputy City Solicitor.

This item was not addressed.

Chairman Hirschmann addressed the following item out of sequence:

#### Police Extra Detail Revenue Policy

Chairman Hirschmann stated I passed out a policy that I wanted to go over. Tom Arnold drafted this policy by the request of this committee and it is for your input and acceptance and any input from the Chief.

Chief Driscoll stated I have reviewed this with Paul and it will work for us and if the committee would implement it we would be very pleased.

Chairman Hirschmann stated we do not want to hurt any entity in the City but we do want to see the Police Department get paid so this policy is quite important to the City.

Alderman Levasseur stated Mr. Chairman, let me say that this is one of the...of the year and six months that I have been on this committee...to me this is probably the most important thing we have done. We have been going over and over and over these bills and saw the money that you were not collecting for a year and six months with an incredible amount of frustration. I cannot understand it because I know that these guys have the money to pay you guys and this policy if...Tom, you wrote this...is exemplary.

Mr. Arnold replied I did write it but it was certainly a group effort and I would have not done it on my own. Paul Beaudoin was involved and provided a number of the ideas in this policy.

Alderman Levasseur stated Mr. Chairman, this is exemplary work...this is exactly what government can do when it puts its mind to it and I am exceptionally proud of being on this committee on this day. This is exactly what we needed and this is exactly what will be able to take care of these problems. If they do not want to pay you anymore than you do not have to give them any more service. I make a motion that we accept this.

On motion of Alderman Levasseur, duly seconded by Alderman Lopez, it was voted to accept the Police Extra Detail Revenue Policy as presented.

Alderman Levasseur asked Chief, maybe if somebody has to pay in advance and then does not pay in advance and what happens if they go and have an event...would they be subject to a misdemeanor, a fine, a violation.

Chairman Hirschmann replied in the negative and stated they are not going to have an event.

Chief Driscoll replied probably not they would not have an event and if in fact they needed a license, we would hold them accountable for not having a license.

Alderman Levasseur asked are you having any problem with bars and restaurants that are already open though, none, okay...excellent...good work, Tom.

Chairman Hirschmann stated our Deputy Clerk of Licensing Matt Normand would probably be not issuing a permit.

City Clerk Bernier replied that is correct.

Alderman Levasseur asked and he would be notified when the bill was...

Chairman Hirschmann asked did you run this policy by the Mayor.

Mr. Arnold replied I did not because I did not have time.

Chairman Hirschmann addressed item 9 of the agenda:

Communication from the Revenue Administrator relative to the Police Department's past few years' negative snow emergency account balance.

Ms. Desrosiers stated I did forward to you the...

Chairman Hirschmann stated the Chief was not in attendance the last session...we think that the labor charge is being misapplied causing a negative balance, Chief. If you could both take a microphone and just talk about this we would appreciate it.

Chief Driscoll stated perhaps I could give you some history on this. When I became Chief in 1996 the City was charging for emergency snow removal tows...emergency snow removal tows \$90.00 that was alarming to the citizens and to the Board of Mayor and Aldermen at that time we reduced the fee to \$70.00. We were covering our expenses for \$70.00. Since the snow emergency has gone into effect we have taken Police cost out of that. Recently, on December 15<sup>th</sup> I sent a letter to the Board of Mayor and Aldermen indicating that we in conjunction with the Police Commission had raised the rates to cover what we believe...our goal is always not to make revenue on this but simply to break even. We believe

that there is enough...we have raised the tow fee from \$70.00 to \$85.00 which is an increase of \$10.00 for them \$5.00 increase for the City and we will in fact then get \$20.00 per tow. We often send out five police officers, a supervisor and somebody to do ticketing as well as somebody at the location where the cars are returned. So we have a considerable manpower investment. We believe that this will help us break even and that has been our goal if the goal of this committee or the Board of Mayor and Aldermen is other than that we would certainly like to know and we could adjust our figures accordingly. There has been a slight deficit in the last couple of years but it has always been our intent to break even.

Ms. Desrosiers stated we had a discussion with Police a few weeks ago and we agreed that we would continue to monitor the account and watch it to make sure that there was not going to be another problem. This adjustment that they put in should counter balance and hopefully we will break even this year.

Chairman Hirschmann asked when were those fees changed.

Chief Driscoll replied December 15<sup>th</sup>, sir.

Chairman Hirschmann asked by vote of the Police Commission or who.

Chief Driscoll replied actually the City Ordinances allow the Police Department to do it on their own. I spoke with Tom Clark and to assure that was proper procedure. I ran it by my Police Commission and they supported and approved it. We notified the Board on December 15<sup>th</sup>.

Chairman Hirschmann stated what we do as a committee is we review revenue streams for every department and when we see brackets around someone's revenue stream it kind of gets you into our little tickler file and that is where you ended up, Chief.

Alderman Thibault asked Chief, I wonder if you could clarify something. I am getting an awful lot of calls in my area about when is the cutoff for the odd/even side parking. You take on an odd day somebody gets home at 9:30 at night and he parks on the odd side, after midnight he is automatically on the wrong side. So how does that work.

Chief Driscoll replied what he needs to do is look forward and figure out when he gets up...if he goes to bed at 9:00 and he parks his car and it is going to be there overnight the next day is going to be an odd day and he should park on the odd side of the street.

Alderman Thibault asked but if a police officer comes by at 10:00 at night he is on the wrong side and he is going to get tagged.

Chief Driscoll replied in the negative and stated we do not tag at 10:00 at night, sir, we do not tag until after midnight on the next day.

Alderman Thibault stated I think there is a major confusion out there to the people who are in fact paying these fines, myself included, as to when is the odd/even time start.

Chief Driscoll stated we have not changed the policy of the City for a number of years. It is on our website every year. Frank Thomas is very clear about putting out that information as well as the Police Department. It has been a policy of longstanding. Certainly we would print it in the newspaper again or whatever is necessary but the word should be out by now.

Alderman Thibault stated that is probably something that should be done again because I believe that a lot of the people are confused. So you are saying to me if I know I am going to be there overnight I should park on the side that is going to end up tomorrow morning.

Chief Driscoll replied in the affirmative.

Alderman Thibault stated but I think that should be put out because I believe a lot of people are confused about that and that is why they are getting tagged and towed some of them.

Alderman Lopez asked I am just a little confused on something here and maybe the City Solicitor and the Chief and Finance can clear this up. In reference to the Ordinance that was provided by Finance does the money go into a General Fund and what I am hearing is that Police Officers get paid out of this fund...am I hearing that correctly.

Chief Driscoll replied in the affirmative.

Alderman Lopez asked Mr. Arnold, you looked at this I presume because I called you and asked you about it. Is that what the Ordinance really tells me or should we change the Ordinance to make sure that...I am not here to try to hurt the Police Officers but I do not read the Ordinance that way do you read it that way and if you do I will accept it. I am referencing 71.14(B).

Mr. Arnold replied if you would just give me a second...did you speak with Tom Clark about it.

Alderman Lopez stated that was the major question that came up at our committee before where we are using this fund of charging for towing and paying police officers. Maybe you could help, Chief. They just give a ticket, they call somebody and they come and pick up a vehicle.

Chief Driscoll replied the way it works is that there is a team that goes out...a police officer as well as a Highway Department individual employee. The Highway Department directs us where they would like cars removed. We contact a central location and a wrecker is dispatched. That charge of \$85.00, \$20.00 of it comes to the City when in fact that is all tallied up they take their portion, they come in and do business with the Police Department, the Police Department deposits that money and then in fact the officers are paid out of that revenue. They are not paid cash certainly, it is all gone through the Finance Department but then we try to balance the revenue against the cost at the end of the year.

Chairman Hirschmann addressed item 10 of the agenda:

Communication from the Revenue Administrator relative to those departments not currently implementing the HTE receivable module.

Chairman Hirschmann advised that this was an informational item that should be addressed by the Committee on Administration. Members concurred that this item should be referred to the Committee on Administration.

Chairman Hirschmann addressed item 11 of the agenda:

Communication from the Revenue Administrator submitting the most recent Draft copy of Ordinance 35.023 regarding the Collection of Unpaid Accounts Receivable.

On motion of Alderman Thibault, duly seconded by Alderman Pinard, it was voted to table item 11.

Chairman Hirschmann addressed item 12 of the agenda:

Communication from the Revenue Administrator submitting various reports as of February 6, 2001 as follows:

- open invoice report over 90 days by fund;
- open invoice report for all invoices for interdepartmental billings only; and
- open invoice report for all invoices due from the School Dept. only.

This item was for update purposes.

Chairman Hirschmann addressed item 13 of the agenda:

Communication from the Revenue Administrator submitting a School Chargeback Status report.

Discussion ensued regarding the reports. It was noted that some departments have not billed the school department for the school chargebacks (City Solicitor, Building Maintenance Division, Police, Health, and Parks Departments.).

On motion of Alderman Thibault, duly seconded by Alderman Levasseur, it was requested that the City Clerk's office send a letter to those departments who have not billed requesting a report be submitted to the Committee.

Alderman Hirschmann addressed item 14 of the agenda:

Monthly financial statements for the seven months ended January 31, 2001.

This item was for information only.

### **TABLED ITEMS**

**A motion is in order to remove any of the following items from the table for discussion.**

15. Accounts Receivable tentative write-offs not recommended by Finance.  
(Tabled 10/24/00)
16. Revenue Policy  
(Tabled 10/24/00 - most recent draft copy submitted 02/06/01 enclosed.)
17. Communication from Randy Sherman, Deputy Finance Officer, relative to management audits/reviews.  
(Tabled 11/21/00 pending Auditor's review of procedures and controls between Building and Assessors with report back to committee.)
18. Communication from the Revenue Administrator relative to revisions to the Revenue Handbook.  
(Tabled 01/09/01)
19. Proposed Intown District Graphic Ordinance.  
(Tabled 12/13/99)

There being no further business to come before the committee, on motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee